

In addition, even if these conditions are met, Comcast Cable is only obligated to launch the Microsoft platform in 25% of its newly installed middleware customer base on existing Comcast systems. Accordingly, under any and all circumstances, AT&T Comcast will remain free to test and deploy alternative set-top box platforms and middleware. Indeed, Comcast has a general company policy of working with two or more vendors for any particular product or service and, if Comcast Cable deploys a middleware product, it expects that it will deploy more than one such product. Comcast Cable believes that the flexible 25% commitment was necessary to induce Microsoft to invest the financial and organizational resources in the development of set-top box middleware for Comcast Cable's systems.

In the end, consumers plainly will have a range of choices for competitive interactive TV platforms. As a result, AT&T Comcast will have strong market incentives to afford its customers the widest selection of features, functions, and content, or risk losing those customers to rivals. Moreover, Comcast and AT&T Broadband have no significant interests in interactive content, and do not have any interests in interactive TV set-top box equipment or technologies that would raise any competitive concerns.¹⁸² As a result, AT&T Comcast will have neither the ability nor the incentive to discriminate against the interactive content of unaffiliated video programming networks.

¹⁸² Indeed, the Applicants have entered into arrangements with a number of unaffiliated providers of interactive services. *See, e.g., supra*, section II.B. Comcast, for example, has entered into such arrangements even though it has investments in competing providers. It has launched interactive services using Wink, despite having invested in RespondTV, and it has entered into a strategic volume purchase agreement for video-on-demand systems from Concurrent, notwithstanding Comcast's equity stake in Concurrent's rival, SeaChange. *See* Comcast Interactive TV NOI Reply Comments at 7-8.

E. Telephone Services

Local Telephone Services. The merger will have no adverse effect on competition in local telephone markets; instead, as explained above, the merger will enhance competition in these markets. Although many carriers have attempted to enter local telephone markets since passage of the 1996 Act,¹⁸³ incumbents continue to serve more than 90% of local telephony customers.¹⁸⁴ As described above, AT&T Broadband and, to a much more limited extent, Comcast provide local telephone services in competition with incumbent LECs using their cable facilities.¹⁸⁵ AT&T Broadband and Comcast offer local telephony services in different geographic markets and thus do not compete with each other. Nor was there any potential competition between the AT&T Broadband and Comcast cable telephony offerings, because, as described above, the cable systems owned by the two companies do not overlap.¹⁸⁶ Accordingly, the combination of AT&T Broadband and Comcast cannot be considered to raise any competitive issues in local telephony markets. To the contrary, as explained above, the combination of the

¹⁸³ Interexchange carriers, including AT&T, WorldCom, and Sprint, as well as start-up competitive LECs, such as McLeod, Allegiance, Time Warner Telecom, XO, and Focal, and, more recently, cable companies, including AT&T Broadband and Cox, have attempted to enter local markets and compete with incumbents by using their own facilities or by leasing access to incumbent facilities (or reselling incumbent services) pursuant to sections 251 and 252 of the Act. 47 U.S.C. §§ 251-252.

¹⁸⁴ *Trends in Telephony* at Chapter 9.

¹⁸⁵ As described in section II.B.1, Comcast also operates as a “traditional” competitive LEC in several states. From a competition stand point, this business is *de minimis*. CBC has fewer than 50 competitive LEC business customers.

¹⁸⁶ See *AT&T-MediaOne Merger Order* ¶ 135 (cable operators generally cannot be considered potential entrants into local phone markets outside their service territories); *AT&T-TCI Merger Order* ¶ 47.

complementary assets of AT&T Broadband and Comcast will accelerate facilities-based local telephone competition.¹⁸⁷

Interexchange Telephone Services. The proposed merger will have no measurable impact on long distance concentration or competition. Although both Comcast and AT&T Broadband provide interexchange services to business and residential customers, each provides service primarily through resale and has only a negligible share.

There are numerous participants in the highly competitive interexchange market. Facilities-based providers with ubiquitous networks include AT&T Corp., WorldCom, and Sprint. Several companies, such as Williams Communications, specialize in “wholesaling” long distance to entities that lack their own facilities. Verizon and SBC also offer interexchange services in several states and are now providing substantial amounts of long distance service. There are also hundreds of resellers of long distance service.

F. Internet Services

AT&T Broadband and Comcast do not compete in the provision of high-speed Internet service and, hence, the merger will not create or enhance market power in the provision of this service. As the Commission has recognized, the relevant market for Internet service is local.¹⁸⁸ The combination of AT&T Broadband’s approximately 1.5

¹⁸⁷ In addition, AT&T Corp. will presumably continue to independently pursue its competitive LEC strategy in competition with AT&T Comcast.

¹⁸⁸ See *AOL-Time Warner Merger Order* ¶ 74.

million Internet customers¹⁸⁹ and Comcast's approximately one million Internet service customers will not increase concentration in any relevant market because AT&T Broadband and Comcast provide service in different, non-overlapping geographic areas.

Nor will the merger create or enhance market power in the purchase or delivery of Internet content or applications. There are over 100 million Internet service customers in the United States. AOL Time Warner alone has over 33 million U.S. Internet customers,¹⁹⁰ and there are several thousand other ISPs nationwide, including such major players as MSN, Earthlink, and United Online (recently created by the merger of Juno and NetZero), each of which serves more customers than AT&T Broadband and Comcast combined.

Even if the analysis focused only on the delivery of high-speed Internet service,¹⁹¹ AT&T and Comcast collectively serve no more than a quarter of the more than 10 million

¹⁸⁹ AT&T WorldNet is not being transferred to AT&T Broadband, but will remain with AT&T.

¹⁹⁰ See Press Release, Nielsen/Netratings, *Broadband Audience Surpasses 21 Million In November, Setting A Record High* (Dec. 11, 2001), available at: <http://www.nielsen-netratings.com/pr/pr_011211.pdf>.

¹⁹¹ As AT&T explained in detail in the AT&T-MediaOne merger proceeding, there is currently no separate market for high-speed Internet services. See AT&T-MediaOne Reply Comments, CS Docket No. 99-251, at 71-79 (filed Sep. 17, 1999). This is so for at least three independent reasons. First, high-speed service is priced competitively with dial-up, narrowband service. Second, consumers use both narrowband and high-speed Internet service for the same core applications. Third, at least for the present, all Internet service suppliers (both high-speed and dial-up) will be competing for the same mass market of Internet customers, the vast majority of which currently subscribe to narrowband services. See, e.g., Economics and Statistics Administration, National Telecommunications and Information Administration, U.S. Department of Commerce, *A Nation Online: How Americans Are Expanding Their Use of the Internet*, at 37 & Fig. 3-2 (Feb. 2002), available at: <<http://www.ntia.doc.gov/ntiahome/dn/anationonline2.pdf>> (Internet users with dial-up access are only slightly less likely to make phone calls, play games, chat, trade stocks, or engage in other Internet activities than individuals with broadband access; the sole exception is viewing television or movies or listening to the

high-speed Internet customers.¹⁹² High-speed subscribership continues to grow rapidly.¹⁹³ AOL Time Warner, for example, reports that it has nearly 2 million high speed Internet customers, an increase of more than 250,000 customers in just three months.¹⁹⁴ In the face of strong and increasing competition from incumbent LEC and other DSL providers, as well as a number of fixed terrestrial wireless and satellite-based competitors,¹⁹⁵ AT&T Comcast will continue to have every incentive to encourage the development and delivery of content and applications that enhance the high-speed Internet experience of its customers.

As in other recent proceedings at the FCC to consider the transfer of control and assignment of cable television systems, some commenters are likely to urge the Commission to condition its approval of this merger on requirements that the combined entity provide access to its cable facilities to unaffiliated ISPs on government-mandated

radio: “28.8 percent of broadband users engaged in these activities, compared to 18.8 percent of Internet users generally.”).

¹⁹² See *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, CC Docket 98-146, Third Report, Appendix C at 1 (rel. Feb. 6, 2002) (FCC 02-33) (as of June 30, 2001, there were a total of 9.6 million high-speed lines in service); see also Cable Datacom News, *Cable Modem Market Stats & Projections* (Dec. 21, 2001), available at: <<http://www.cabledacomnews.com/cmhc/cmhc16.html>>.

¹⁹³ Nielsen estimates that broadband subscribership increased by 90% in 2001. See Press Release, Nielsen/Netratings, *Broadband Audience Surpasses 21 Million In November, Setting A Record High* (Dec. 11, 2001), available at: <http://www.Nielsen-netratings.com/pr/pr_011211.pdf>.

¹⁹⁴ See *AOL Time Warner Quarterly Earnings Release, AOL Time Warner Reports Results for Full Year and Fourth Quarter* (Jan. 30, 2002).

¹⁹⁵ See Cable Datacom News, *Overview of Wireless Broadband Technology & Services*, available at: <<http://www.cabledacomnews.com/wireless/cmhc10.html>> (last visited Feb. 21, 2002).

terms. Because there are no merger-specific issues in this regard, the Commission has rejected such proposals in several of its more recent merger decisions, and should do so here as well.¹⁹⁶ Moreover, the Commission is considering these very issues in an ongoing proceeding¹⁹⁷ and has sought comment on whether imposing an access requirement is a desirable (and lawful) goal.¹⁹⁸ Finally, both AT&T Broadband and Comcast already have ample market incentives to make commercially reasonable, customer-friendly arrangements with unaffiliated ISPs in order to maximize the attractiveness of their Internet offerings to customers and potential customers. Given the need to compete with DSL and other comparable offerings, AT&T Broadband and Comcast have significant incentives to offer their customer a choice of ISPs.¹⁹⁹

In fact, Comcast has announced that it has executed an agreement with United Online that will provide Comcast's customers in Indianapolis and Nashville with access to United Online's ISP services, with the potential to roll-out this offering to other Comcast cable systems with the concurrence of both Comcast and United Online. In addition, AT&T Broadband and Comcast have gained important experience in the separate multiple-ISP trials they have conducted. Comcast is conducting a technical trial

¹⁹⁶ See, e.g., *AT&T-TCI Merger Order* ¶¶ 94-96; *AT&T-MediaOne Merger Order* ¶¶ 120-23.

¹⁹⁷ See *Inquiry Concerning High-Speed Access to the Internet Over Cable and Other Facilities*, 15 FCC Rcd 19287 (2000).

¹⁹⁸ See *id.* ¶¶ 32-33; see also *Appropriate Framework for Broadband Access to the Internet Over Wireline Facilities*, CC Docket No. 02-33, Notice of Proposed Rulemaking ¶¶ 47-48 (rel. Feb. 15, 2002) (FCC 02-42) (seeking comment on whether to modify or eliminate existing access obligations on dominant providers of wireline broadband Internet access service).

¹⁹⁹ It is only in the past few months that Excite@Home's cessation of service has removed contractual obstacles to the companies' multiple ISP efforts.

over its Longport, New Jersey cable system to offer select Comcast customers the option of using EarthLink as their broadband ISP. Comcast has conducted a similar trial over the same Comcast cable system with Juno's broadband Internet service. These trials, which began last year and are expected to conclude this year, are providing important information regarding a number of complex technical issues involved in supporting multiple ISPs over a broadband cable system, including the provisioning of service, the assignment of Internet Protocol ("IP") addresses, and the operation of various broadband network components.

AT&T Broadband completed the first technical and operational testing phase of its Boulder, Colorado trial, with four participating ISPs (EarthLink, Juno, WorldNet, and Excite@Home), in April 2001. The second phase of the Boulder trial, which focused on billing, customer usage, and customer care tools, was completed in August 2001. AT&T Broadband had planned a late 2001 limited commercial offering of its "Broadband Choice" initiative to customers in the Boston suburban area. Although the Excite@Home bankruptcy diverted critical engineering and other resources, the new network facilities will ultimately improve the delivery of multiple ISP access, and AT&T remains committed to launching that capability on its Massachusetts and other cable systems.

The Applicants are fully committed to offering customers a choice of ISPs, subject to negotiation of mutually beneficial terms. The trials conducted by both Comcast and AT&T Broadband will afford a solid foundation upon which the combined company can develop the means for offering customers a choice of ISPs. For example, they will help AT&T Comcast and ISPs address issues regarding installation, maintenance of customer data and records, billing, customer service, operation of call

centers, “trouble ticketing” for various system components (*e.g.*, modems, routers, etc.), assignment of IP addresses, and the operation of various other system components (*e.g.*, regional data centers). The commitment of each Applicant to customer choice is reflected in the fact that each is currently negotiating independently to enter into commercial service arrangements with unaffiliated ISPs.

VII. PROCEDURAL MATTER

The subsidiaries and affiliates of AT&T and Comcast hold a number of licenses and authorizations to operate cable television relay service, satellite transmit and receive earth station service, business radio service, common carrier and non-common carrier-point-to-point microwave service, wireless communications service, and international and domestic common carrier service. The proposed merger will result in the transfer of control of all of these authorizations. Given the ongoing regulatory activity of both AT&T and Comcast, including the need for these parties to file applications with the Commission during the period in which the instant transfer of control will remain pending at the Commission, the Applicants request that the Commission’s grant of its consent to the transfer of control of these licenses and authorizations include the authorization for AT&T Comcast to acquire control of: (1) any authorizations issued to Comcast or any subsidiaries or affiliates, or to AT&T or any of its affiliates to the extent such authorizations are related to AT&T Broadband’s business, during the Commission’s consideration of the transfer of control applications and the period required for the consummation of the transaction following approval; (2) construction permits held by licensees involved in this transfer of control that mature into licenses after closing and that may have been omitted from the transfer of control applications; and (3) applications

that will have been filed by such licensees and that are pending at the time of consummation of the proposed transfer of control. Such action would be consistent with prior decisions of the Commission.²⁰⁰

VIII. CONCLUSION

For the foregoing reasons, the proposed merger of AT&T Broadband and Comcast will serve the public interest. The Applicants respectfully request that the Commission grant these applications promptly and provide for any other authority that

²⁰⁰ See, e.g., *AT&T-MediaOne Merger Order* ¶ 185; *AT&T-TCI Merger Order* ¶ 156.

the Commission finds necessary or appropriate to enable the Applicants to consummate the proposed merger.

Respectfully Submitted,

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February 28, 2002

APPENDIX 1

AGREEMENT AND PLAN OF MERGER

dated as of

December 19, 2001

by and among

AT&T CORP.,

AT&T BROADBAND CORP.,

COMCAST CORPORATION,

AT&T BROADBAND ACQUISITION CORP.,

COMCAST ACQUISITION CORP.

and

AT&T COMCAST CORPORATION

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AT&T Disclosure Schedule

Comcast Disclosure Schedule

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "**Agreement**"), dated as of December 19, 2001, by and among AT&T Corp., a New York corporation ("**AT&T**"), AT&T Broadband Corp., a Delaware corporation and a wholly owned subsidiary of AT&T ("**AT&T Broadband**"), Comcast Corporation, a Pennsylvania corporation ("**Comcast**"), AT&T Comcast Corporation, a Pennsylvania corporation ("**Parent**"), AT&T Broadband Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of Parent ("**AT&T Broadband Merger Sub**"), and Comcast Acquisition Corp., a Pennsylvania corporation and a wholly owned subsidiary of Parent ("**Comcast Merger Sub**").

WHEREAS, AT&T Broadband is a newly formed wholly owned subsidiary of AT&T that will hold, directly or indirectly, all of the assets and liabilities of the AT&T Broadband Group in accordance with the terms and conditions of the Separation and Distribution Agreement (as defined below);

WHEREAS, the Boards of Directors of AT&T, AT&T Broadband and Comcast and each of the other parties hereto have approved this Agreement and deem it advisable and in the best interests of their respective shareholders to consummate the transactions contemplated hereby on the terms and conditions set forth herein;

WHEREAS, immediately prior to the execution and delivery of this Agreement, as a condition and inducement to AT&T's willingness to enter into this Agreement, each of Sural LLC ("**Comcast Shareholder**"), Mr. Brian L. Roberts, Comcast and Parent has executed and delivered to AT&T the support agreement, dated as of the date hereof, in the form attached as Exhibit A (the "**Support Agreement**");

WHEREAS, it is intended that, for United States federal income tax purposes, the Mergers (as defined below) shall qualify as tax-free exchanges described in Section 351 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the rules and regulations promulgated thereunder;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth below, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

SECTION 1.01. *Definitions.* (a) The following terms, as used herein, have the following meanings:

“**1933 Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**1934 Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**A Shareholder Approval**” means the approval, by a majority of the votes cast, of the holders of the Comcast Class A Common Stock (voting as a class at a meeting at which a quorum is present) of this Agreement and the transactions contemplated by this Agreement and the Articles Amendment.

“**Additional Commercial Agreements**” has the meaning set forth in the Separation and Distribution Agreement.

“**Admission Agreement**” means the Instrument of Admission, in the form attached hereto as Exhibit F, pursuant to which AT&T and Parent will become parties to the Exchange Agreement.

“**Affiliate**” means, with respect to any Person, any other Person, directly or indirectly, controlling, controlled by, or under common control with such Person.

“**Aggregate Former Employee Broadband Option Amount**” means:

(a) if the AT&T Common Stock trades “ex-distribution” or “when issued (to give effect to the Distribution)” on the NYSE on or immediately prior to the Distribution Date, the excess of (i) the product of the aggregate number of shares of AT&T Broadband Common Stock subject to Broadband Options granted pursuant to Section 5.3(b) of the Employee Benefits Agreement, multiplied by the Broadband Common Stock Value (as defined in the Employee Benefits Agreement), over (ii) the aggregate exercise price of such Broadband Options; and

(b) if the AT&T Common Stock does not trade “ex-distribution” or “when issued (to give effect to the Distribution)” on the NYSE on or immediately prior to the Distribution Date, the product of

(i) a fraction, the numerator of which is the product of the Comcast Stock Price multiplied by the Preliminary Exchange Ratio, and the denominator of which is the AT&T Closing Stock Value; times

(ii) the excess of (i) the product of the aggregate number of shares of AT&T Common Stock subject to unexercised AT&T Options held by Former Employees (both as defined in the Employee Benefits Agreement) immediately prior to the Distribution Date, times the AT&T Closing Stock Value, over (ii) the aggregate exercise price of such AT&T Options.

"Ancillary Agreements" has the meaning set forth in the Separation and Distribution Agreement.

"AOL" means AOL Time Warner Inc., a Delaware corporation.

"Articles Amendment" mean the articles of amendment to the articles of incorporation of Comcast in the form attached as Exhibit D-4.

"At Home" means At Home Corporation, a Delaware corporation and/or its bankruptcy estate, as the case may be.

"AT&T 10-K" means AT&T's annual report on Form 10-K for the fiscal year ended December 31, 2000.

"AT&T Balance Sheet" means the consolidated balance sheet of AT&T and its consolidated Subsidiaries as of December 31, 2000 and the footnotes thereto, as set forth in the AT&T 10-K.

"AT&T Broadband Acquisition Proposal" means any offer or proposal for, or any indication of interest in (i) a merger, consolidation, share exchange, business combination, reorganization, recapitalization or other similar transaction involving AT&T, the AT&T Broadband Group, AT&T Broadband or any AT&T Significant Broadband Subsidiary, (ii) the acquisition, directly or indirectly, of (A) an equity interest representing greater than 25% of the voting securities of AT&T, the AT&T Broadband Group, AT&T Broadband or any AT&T Significant Broadband Subsidiary or (B) assets, securities or ownership interests representing an amount equal to or greater than 25% of the consolidated assets or EBITDA generating power of the AT&T Broadband Group, or (iii) any transaction (x) the entering into or the consummation of which would reasonably be expected to be inconsistent in any material respect with the consummation of the transactions contemplated by this Agreement and the other Transaction Agreements, on the terms set forth in this Agreement and the other Transaction Agreements, as the case may be, or (y) that would reasonably be expected to prevent or materially delay, impede or adversely affect the consummation of the transactions contemplated by this Agreement and the other Transaction Agreements other than (X) in the case of (i) or (ii), (I) the transactions contemplated by this Agreement,

(II) transactions permitted pursuant to Section 8.01 or (III) transactions that would not directly or indirectly (other than indirectly by virtue of the ownership of securities of AT&T) include any of the businesses, assets or liabilities of, or materially affect the business of, AT&T (to the extent relating to the AT&T Broadband Group), the AT&T Broadband Group, AT&T Broadband or any AT&T Broadband Subsidiary and (Y) in the case of (i), (ii) or (iii), a transaction that does not involve the AT&T Broadband Group, AT&T Broadband or any AT&T Broadband Subsidiary (except to the extent relating to (A) the transactions contemplated by this Agreement and the other Transaction Agreements or (B) a spin-off of the AT&T Broadband Group substantially pro rata to the holders of AT&T Common Stock not in connection with any other transaction involving the AT&T Broadband Group) that in any such case is consistent in all material respects with the consummation of the transactions contemplated by this Agreement and the other Transaction Agreements, on the terms set forth in this Agreement and the other Transaction Agreements, as the case may be; *provided* that each of the parties to such transaction agrees that AT&T and AT&T Broadband shall honor the terms and conditions of this Agreement (any transaction referred to in this clause (Y), an **“Excepted Transaction”**).

“AT&T Broadband Assets” has the meaning set forth in the Separation and Distribution Agreement.

“AT&T Broadband Balance Sheet” means the unaudited combined balance sheet of the AT&T Broadband Group as of September 30, 2001 and the footnotes thereto, as attached as Exhibit E.

“AT&T Broadband Balance Sheet Date” means September 30, 2001.

“AT&T Broadband Business” has the meaning set forth in the Separation and Distribution Agreement.

“AT&T Broadband Common Stock” means the Common Stock, par value \$0.01 per share, of AT&T Broadband, which, subject to the terms of the Separation and Distribution Agreement, will be distributed on a one-for-one basis on the Distribution Date to holders of shares of AT&T Common Stock.

“AT&T Broadband Entities” has the meaning set forth in the Separation and Distribution Agreement.

“AT&T Broadband Financial Statements” means the unaudited combined financial statements of the AT&T Broadband Group as of and for the periods ending December 31, 2000 and September 30, 2001 and the footnotes thereto, as attached as Exhibit E.

“AT&T Broadband Group” has the meaning set forth in the Separation and Distribution Agreement.

“AT&T Broadband Material Adverse Effect” means a material adverse effect on the financial condition, assets or results of operations of the AT&T Broadband Group, taken as a whole, excluding any such effect resulting from or arising in connection with (i) changes or conditions generally affecting the industries in which the AT&T Broadband Group (including AT&T Broadband and all the AT&T Broadband Subsidiaries) operate, (ii) changes in general economic, regulatory or political conditions, or (iii) the announcement of this Agreement or of the transactions contemplated hereby.

“AT&T Broadband Subsidiary” has the meaning set forth in the Separation and Distribution Agreement.

“AT&T Closing Stock Value” has the meaning set forth in the Employee Benefits Agreement.

“AT&T Common Stock” means the Common Stock, par value \$1.00 per share, of AT&T.

“AT&T Communications Business” has the meaning set forth in the Exchange Agreement.

“AT&T Communications Group” has the meaning set forth in the Separation and Distribution Agreement.

“AT&T Confidentiality Agreement” means the confidentiality letter agreement, dated September 28, 2001, as amended, by and between AT&T and Comcast providing for, among other things, confidential treatment of information provided by AT&T to Comcast.

“AT&T Disclosure Schedule” means the AT&T disclosure schedule delivered to Comcast concurrently herewith.

“AT&T Employees” has the meaning set forth in the Separation and Distribution Agreement.

“AT&T ESPP” means the AT&T Employee Stock Purchase Plan.

“AT&T Exchangeable Preferred Stock” has the meaning set forth in the definition of Exchange Amount.

“AT&T Group” means AT&T together with the AT&T Subsidiaries.

“AT&T Registration Rights Agreement” means the Registration Rights Agreement dated as of June 11, 2001 between Comcast PC Investments Inc. and AT&T.

“AT&T Significant Broadband Subsidiary” means any AT&T Broadband Subsidiary that would have constituted a “significant subsidiary” (within the meaning of Rule 1-02 of Regulation S-X of the SEC) of the AT&T Broadband Group as of December 31, 2000 if, as of such date, the AT&T Broadband Group were a reporting company under the 1934 Act; *provided* that for purposes hereof, the phrase “EBITDA” will be substituted for the phrase “income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle” in Rule 1-02(w)(3).

“AT&T Significant Subsidiary” means any AT&T Subsidiary that would constitute a “significant subsidiary” (within the meaning of Rule 1-02 of Regulation S-X of the SEC) as of December 31, 2000; *provided* that for purposes hereof, the phrase “EBITDA” will be substituted for the phrase “income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle” in Rule 1-02(w)(3).

“AT&T Subsidiary” means a Subsidiary of AT&T; *provided* that notwithstanding the Distribution, AT&T Broadband and the AT&T Broadband Subsidiaries will be treated as AT&T Subsidiaries through the Effective Time but not thereafter.

“Average Class A Price” means the average (rounded to the nearest 1/10,000) of the Trading Values for the 10 Trading Days randomly selected by lot by AT&T and Comcast from the Trading Days occurring during the Pricing Period, which 10 Trading Days shall be the same as the 10 Trading Days used to calculate the Average Class A Special Price.

“Average Class A Special Price” means the average (rounded to the nearest 1/10,000) of the Trading Values for the 10 Trading Days randomly selected by lot by AT&T and Comcast from the Trading Days occurring during the Pricing Period.

“Average Class C Price” means the average (rounded to the nearest 1/10,000) of the Trading Values for the 10 Trading Days randomly selected by lot by AT&T and Comcast from the Trading Days occurring during the Pricing Period, which 10 Trading Days shall be the same as the 10 Trading Days used to calculate the Average Class A Special Price.

“Benefit Arrangement” means, with respect to any Person, any employment, severance or similar contract or arrangement (whether or not

written) or any plan, policy, fund, program or arrangement or contract providing for compensation, bonus, profit-sharing, stock option, or other stock-related rights or other forms of incentive or deferred compensation, vacation benefits, insurance coverage (including any self-insured arrangements), health or medical benefits, disability benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance or other benefits) that (i) is not an Employee Plan, (ii) is entered into, maintained, administered or contributed to or required to be contributed to, as the case may be, by such Person or any of its Affiliates and (iii) covers any employee or former employee of such Person or any of its Subsidiaries employed in the United States.

"Broadband Benefit Arrangement" means a Benefit Arrangement that is a Broadband Benefit Plan as defined in the Employee Benefits Agreement.

"Broadband Deferred Compensation Plan" means a Deferred Compensation Plan that is a Broadband Plan as defined in the Employee Benefits Agreement.

"Broadband Employee" has the meaning set forth in the Employee Benefits Agreement, except that for purposes of this Agreement, "Broadband Employee" shall include any Broadband Transferee, and for purposes of Section 9.13, "Broadband Employee" shall not include any current or former non-employee director of AT&T Broadband with respect to service as a director.

"Broadband Employee Plan" means an Employee Plan that is a Broadband Benefit Plan as defined in the Employee Benefits Agreement.

"Broadband International Plan" means an International Plan that is a Broadband Benefit Plan as defined in the Employee Benefits Agreement.

"Broadband Options" has the meaning set forth in the Employee Benefits Agreement.

"Broadband Pension Plan" means a Pension Plan that is a Broadband Benefit Plan as defined in the Employee Benefits Agreement.

"Broadband Transferee" has the meaning set forth in the Employee Benefits Agreement.

"Broadband Value" means the product of the Exchange Ratio *multiplied* by the average (rounded to the nearest 1/10,000) of the Trading Values of Comcast Class A Common Stock for the 10 Combined Trading Days randomly selected by lot by AT&T and Comcast from the Combined Trading Days

occurring during the 20 consecutive Combined Trading Days following the Closing Date.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Class A Liberty Media Group Common Stock" means the Class A Liberty Media Group Common Stock, par value \$1.00 per share, of AT&T.

"Class B Liberty Media Group Common Stock" means the Class B Liberty Media Group Common Stock, par value \$1.00 per share, of AT&T.

"Closing Date" means the date on which the Effective Time occurs.

"Combined Trading Day" means any day which is both a Trading Day and a NYSE Trading Day.

"Comcast 10-Q" means Comcast's annual report on Form 10-Q for the fiscal quarter ended September 30, 2001.

"Comcast Affiliate" means an Affiliate of Comcast.

"Comcast Balance Sheet" means the unaudited consolidated balance sheet of Comcast and its consolidated Subsidiaries as of September 30, 2001 and the footnotes thereto, as set forth in the Comcast 10-Q.

"Comcast Balance Sheet Date" means September 30, 2001.

"Comcast Benefit Arrangements" means the Benefit Arrangements of Comcast or any Comcast Subsidiary.

"Comcast Class A Common Stock" means the Class A Common Stock, par value \$1.00 per share, of Comcast.

"Comcast Class A Special Common Stock" means the Class A Special Common Stock, par value \$1.00 per share, of Comcast.

"Comcast Class B Common Stock" means the Class B Common Stock, par value \$1.00 per share, of Comcast.

"Comcast Common Stock" means the Comcast Class A Common Stock, the Comcast Class A Special Common Stock and the Comcast Class B Common Stock.